LAW FOUNDATION OF NOVA SCOTIA

2010-2011
ANNUAL REPORT

The Law Foundation of Nova Scotia is administered by a board consisting of up to nine members. Up to five members are appointed by the Governor in Council and four by the Nova Scotia Barristers' Society. The members of the board in 2010 – 2011 were:

APPOINTED BY THE GOVERNOR IN COUNCIL:

Christine A. McCulloch, Q.C.
Josh Arnold, Q.C.
M. Estelle Theriault, Q.C.
Anna Paton
George W. Hudson, C.A.

APPOINTED BY THE COUNCIL OF THE NOVA SCOTIA BARRISTERS' SOCIETY:

M. Gerard Tompkins, Q.C.
Robert G. MacKeigan, Q.C.
Margaret M. MacKenzie
A. Robert Sampson, Q.C.

CHAIR, APPOINTED FROM THE MEMBERS OF THE BOARD BY THE GOVERNOR IN COUNCIL UPON THE JOINT RECOMMENDATION OF THE ATTORNEY GENERAL AND THE NOVA SCOTIA BARRISTERS' SOCIETY:

Robert G. MacKeigan, Q.C.

The board meets 4-5 times per year, and reviews grant applications at its winter meeting.

THE FOUNDATION EMPLOYS TWO PART-TIME STAFF MEMBERS:

Kerry Oliver, *Executive Director*
Kathy Samson, *Executive Assistant*

REPORT FROM THE CHAIR

The Law Foundation's most significant achievement in 2010-2011 was consistent support for its grantees despite the decline of its primary source of income resulting from record low interest rates since 2009. The board was pleased to approve twenty four grants totaling $1.5 million.

The Foundation's income is derived primarily from interest earned on lawyers' trust accounts. The prime rate of interest rose from 2.25% in April 2010 to 3% as of March 31, 2011. Trust account revenue totaled $471,558, up from $331,560 for the year ended March 2010. The board authorized a transfer of $700,000 from the Foundation's Reserve Fund to pay grants in 2010-2011, and anticipates additional transfers from the fund to pay grants approved for 2011-2012.

In addition to drawing down reserve funds, the Foundation continued its efforts to renegotiate more favorable agreements with banks for payment of interest on lawyers' trust accounts. We are pleased to report an improved agreement with the **Royal Bank**.

Our grantees continued to achieve outstanding results this year with diverse programs that provided Nova Scotians with access to legal information and assistance with their legal issues. They supported individuals involved in the criminal justice system, and offered legal education and guidance to youth at risk. Several of our grantees' programs focused on supporting those who are disadvantaged and vulnerable within our society, while others promoted excellence and equality within the legal profession.

Some of our grantees were recognized or rewarded for their achievements. The **Elizabeth Fry Society of Mainland Nova Scotia** was a finalist in the Donner Awards Program, which recognizes excellence in non-profit management and social service delivery. Of particular note in the youth category is **EPIC Society's "Youth Peer and Parents PEACE"**, an after school program for youth in conflict with the law and support for parents. EPIC was recognized by the Canadian Donner Foundation as the 2010 highest achieving social service agency out of 514 applicant agencies in Canada across all categories.

Barry Waldman accepts the 2010 Donner Foundation Award recognizing EPIC as the highest achieving social service agency.

The Indigenous Blacks and Mi'kmaq (I B & M) Initiative at the Schulich School of Law was honored to receive the 2010 Canadian Bar Association Touchstone Award, recognizing outstanding achievements in promoting equality in the legal community in Canada. This is the first time that the Touchstone Award has been granted to an organization rather than an individual.

Director Michelle Williams-Lorde (right) accepts from Sharon Avery the 2010 CBA Touchstone Award on behalf of the I B & M Initiative.

The **Tri-County Restorative Justice Agency** will be a presenter at the 14th World Conference of the International Institute for Restorative Practices in June 2011. The Agency will present an overview of its peer-led school program "Bringing Restorative Practices into Schools" that encourages and promotes youth leadership by training them to act as facilitators in restorative justice circles. The Law Foundation was instrumental in the developmental stages of this program by providing project funding during its first three years of operation from 2008-2011.

The Foundation was pleased to host the **Annual Meeting of the Association of Canadian Law Foundations** from September 30 – October 2, 2010. Foundations from across Canada gathered for three days to discuss issues of mutual concern and future direction. Participants were inspired by a visit to the **Halifax Refugee Clinic**, which has been a grantee of the Nova Scotia Law Foundation for the past ten years. We were honoured to host **Professor Russell Engler** of the New England School of Law in Boston, who spoke about evaluating self-help initiatives, and the **Honourable Justice Thomas Cromwell** of the Supreme Court of Canada, who spoke about the serious problem of access to justice in this country, and the role that the courts and law foundations can play in meeting the challenges.

REPORT FROM THE CHAIR

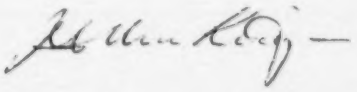
The year saw two changes to the board. Christine McCulloch, Q.C., Chief Electoral Officer for the Province of Nova Scotia, retired from the board in October 2010, having completed her term as chair the previous February. The Foundation and its grantees owe an enormous debt of gratitude to Christine for her vision, diligence and commitment to the office of chair and the work of the board. Christine has been replaced as board member by George Hudson, C.A., Executive Director of Finance and Administration, Department of Community Services. George brings a unique perspective and skill set to the board.

The year also saw changes to the Trustees of the Law Foundation of Nova Scotia Scholarship Fund. Christine McCulloch was replaced by board member Estelle Theriault, Q.C., and Phillip Saunders, former Dean of the Schulich School of Law, was replaced by Dean Kim Brooks.

The coming year could bring some relief for the Foundation in terms of revenue if interest rates begin to rise as predicted; in the meantime, we remain confident that we are maximizing the impact of the funds available during these challenging times.

I want to take this opportunity to express my appreciation to staff and to members of the board for their generous contributions to the work of the Foundation.

Respectfully submitted,



Robert G. MacKeigan, Q.C.
Chair

March 31, 2011

OVERVIEW OF THE FOUNDATION

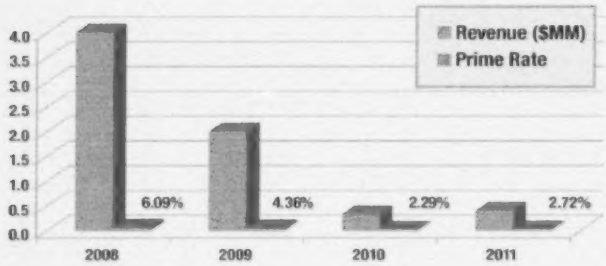
The Law Foundation of Nova Scotia was established in 1976 by amendment to the Barristers' and Solicitors' Act (now The Legal Profession Act). Its central purpose is to receive and distribute interest earned on lawyers' pooled trust accounts in accordance with its mandate.

The objects of the Law Foundation are "to establish and maintain a fund to be used for the examination, research, revision and reform of and public access to the law, legal education, the administration of justice in the Province and other purposes incidental or conducive to or consequential upon the attainment of any such objects."

REVENUE

The Law Foundation's ability to make grants depends on revenue generated primarily from interest on lawyers' pooled trust accounts. The Foundation keeps these funds invested until distribution. Trust account revenue fluctuates with the balances in the trust accounts and particularly with the prime rate of interest.

Trust Account Revenue and Prime Rates 2008-2011



Changes in the prime rate of interest can produce dramatic results. The Foundation has seen its revenue drop from $4 million in 2008 to $331,560 in 2010. The prime rate during that period dropped from an average of 6.09% to 2.29%.

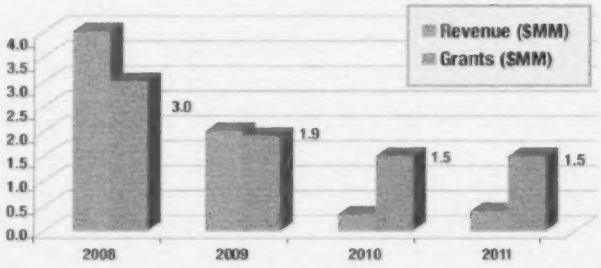
The prime rate was at a record low of 2.25% on April 1, 2010, having remained there since April 2009. Increases in the prime rate in June, July and September brought the rate to 3%, where it stood at the end of the fiscal year on March 31, 2011. As a result of this slight increase, and as a result of the Foundation's new agreement with RBC, Law Foundation revenue rose from $331,560 in 2009 – 2010 to $471,558 in 2010 – 2011.

RESERVE FUND

Fluctuations in the Foundation's income are reflected in the amount of money paid out in grants. A severe decline in the prime rate could force the board to reduce or terminate grants. Because of these fluctuations, the Foundation established a reserve fund in 1986 to be used to maintain regular grants in periods of low interest rates when current income is insufficient to fund these grants. During 2010 – 2011, the board authorized a transfer of $700,000 from the Reserve Fund in order to help grantees survive the downturn. The board expects another transfer from the Reserve Fund will be required to sustain grants during 2011 – 2012.

At the beginning of this fiscal year, the reserve fund had a total cost of $4,456,798 and a market value of $4,810,962. As at March 31, 2011, it had a total cost and market value of $3,962,383 and $4,690,483 respectively. There was an excess of revenue over expenditures totalling $565,464. The main reasons for this excess were the increase in realized capital gains of $354,178 over fiscal 2010 and the unrealized gain on investments of $361,430. Without the unrealized gain, there would have been an excess of revenue over expenditures totalling $204,034.

Revenue and Grants Authorized



GRANTS & GRANTEE PROFILES

Since its creation in 1976, the Foundation has received approximately $36.5 million in revenue from interest on lawyers' trust accounts, and has awarded $34.2 million in grants. More than $2.5 million has also been awarded in scholarships during the past 19 years. These grants and scholarships have promoted improvements in the law, excellence within the profession, and have helped more than 250 organizations make the law more understandable and accessible to the public.

The Foundation awarded continuing program grants totaling $1,549,080 in 2010 – 2011. No new grants were awarded and there were no project grants.

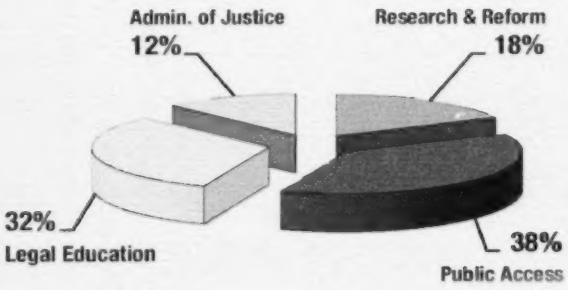
CONTINUING PROGRAM GRANTS ACCORDING TO MANDATE

Continuing program grants are categorized according to the Foundation's four mandated objectives. Activities of many of the funded organizations fall under more than one of the objectives.

Continuing Grants Approved in 2010-2011

Breakdown by Mandate	
Research and Reform	276,696
Public Access to Law	589,024
Legal Education	492,585
Administration of Justice	190,775
TOTAL	$1,549,080

Grants According to Mandate



LAW FOUNDATION SCHOLARSHIP FUND

The Foundation established a trust fund in 1981 with an initial grant of $200,000 to provide scholarships to students attending Dalhousie Law School (Schulich School of Law at Dalhousie University). There have been several contributions by the Law Foundation to the fund over the years. The fund provides scholarships for students entering first year, renewable in second and third years. These undergraduate scholarships were valued at $16,000 for the academic year commencing September 2010. The fund also provides fellowships at the graduate level.

This year's scholarship recipients include Genevieve Crush (left), Cassandra Armsworthy, Matthew Murphy, Catherine Sykes, Micah Goldstein and Jennifer Huygen. The other recipients are Nicholas Lenehan, Skye Friesen and Michael Elliot.

The 2010 – 2011 Law Foundation Scholarships included four entrance scholarships, and a total of four second-year and third-year scholarships. One graduate fellowship was awarded. Scholarship payments for the year amounted to $148,000.

FUNDING GUIDELINES AND APPLICATION PROCEDURES

The board strives to be accountable in the distribution of funds received by the Foundation from interest accruing on lawyers' pooled trust accounts. The board endeavours to be transparent and consistent in its evaluation of applications. It takes into consideration where programs will operate and who will benefit from them, as well as whether they fit within the Foundation's mandate. Accountability extends to the careful assessment and consistent monitoring of programs that receive funding.

Information concerning the Foundation's funding guidelines and grant application procedure may be obtained by contacting the executive director, or by visiting the Foundation's website at www.nslawfd.ca.

GRANTS AWARDED IN 2010 – 2011

ANTIGONISH WOMEN'S RESOURCE CENTRE

$61,643 JUSTICE MATTERS FOR WOMEN
LUCILLE HARPER, EXECUTIVE DIRECTOR

A rural outreach program providing law-related information and support for women & adolescent girls in Canso, Guysborough, Sherbrooke, & Antigonish

AVALON SEXUAL ASSAULT CENTER

$94,311, PROGRAM ACTIVITIES 2011 – 2012
IRENE SMITH, EXECUTIVE DIRECTOR

Sexual assault legal education, advocacy, support services & policy development

CAPE BRETON TRANSITION HOUSE

$50,468 PREVENTIVE EDUCATION – DATE ABUSE & SPOUSAL ASSAULT

HELEN MORRISON, EXECUTIVE DIRECTOR

Preventive education, predominantly school-based, regarding date abuse, sexual assault, cyber violence, & anger management; community education & services

CHRISTIAN COUNCIL FOR RECONCILIATION (CONCILIO)

$51,660 PROGRAM ACTIVITIES 2011 – 2012
PETER HOAR, EXECUTIVE DIRECTOR

Programming and support for prisoners and their families

COMMUNITY JUSTICE SOCIETY (HALIFAX)

$38,050 CRIME PREVENTION WORKSHOPS
YVONNE ATWELL, EXECUTIVE DIRECTOR

Legal & crime prevention educational programs, workshops & seminars for Restorative Justice Clients, schools, & community agencies

COVERDALE COURTWORK SOCIETY

$75,000 PROGRAM ACTIVITIES 2011 – 2012
SANDRA NIMMO, EXECUTIVE DIRECTOR

Information & support for women in the criminal court process; counselling & support at parole hearings, & pre-release planning

SCHULICH SCHOOL OF LAW – DALHOUSIE UNIVERSITY INDIGENOUS BLACKS & MI'KMAQ INITIATIVE

$78,000 PROGRAM ACTIVITIES 2011 – 2012
PROFESSOR MICHELLE WILLIAMS-LORDE, DIRECTOR

An initiative to increase the representation of Indigenous Blacks & Mi'kmaq people in the legal profession

SCHULICH SCHOOL OF LAW – DALHOUSIE UNIVERSITY DALHOUSIE LEGAL AID SERVICE

$148,130 PROGRAM ACTIVITIES 2011 – 2012
DONNA FRANEY, EXECUTIVE DIRECTOR

Legal services (family & administrative law, young offenders), community development & law reform (public housing, violence against women, social assistance) & an educational experience for 3rd year law students

EAST COAST ENVIRONMENTAL LAW ASSOCIATION

$63,750 PROGRAM ACTIVITIES 2011 – 2012
DEBORAH CARVER, EXECUTIVE DIRECTOR

Collaboration among students, academics & practitioners to provide information regarding environmental laws to individuals & organizations; research & advice on improving environmental laws that affect this region

EPIC SOCIETY

$65,600 YOUTH PEER & PARENTS PEACE PROGRAMS
BARRY WALDMAN, SUPERVISOR

After school programs for youth in conflict with the law & support for parents

ELIZABETH FRY SOCIETY CAPE BRETON

$87,790 PROGRAM ACTIVITIES 2011 – 2012
DARLENE MACEACHERN, EXECUTIVE DIRECTOR

Support for women in prison; programs & services for women charged with offences or at risk in the community; law reform & community education

ELIZABETH FRY SOCIETY MAINLAND NOVA SCOTIA

$67,240 PROGRAM ACTIVITIES 2011 – 2012
JEANETTE MILLEY, EXECUTIVE DIRECTOR

Support for women in prison; programs & services for women charged with offences or at risk in the community; law reform & community education

HALIFAX REFUGEE CLINIC

$139,562 PROGRAM ACTIVITIES 2011 – 2012
JULIE CHAMAGNE, EXECUTIVE DIRECTOR

A legal clinic to assist financially eligible refugee claimants before the Immigration & Refugee Board & in related matters

KING'S COUNTY SENIORS' SAFETY PROGRAM SOCIETY

$26,000 PROGRAM ACTIVITIES 2011 – 2012
VI FRANCIS, CHAIR

A program to provide legal, safety & security information on an individual & group basis to seniors in King's County

LAW REFORM COMMISSION OF NOVA SCOTIA

$142,325 PROGRAM ACTIVITIES 2011 – 2012
ANGUS GIBBON, EXECUTIVE DIRECTOR

Review of provincial laws & recommendations for improvement, modernization & reform

GRANTS AWARDED IN 2010 – 2011

LEAVE OUT VIOLENCE (LOVE)

$16,400 LEADERSHIP OUTREACH PROGRAM
SARAH MACLAREN, EXECUTIVE DIRECTOR

Youth who have experienced violence are trained to become educators about the root causes, effects & alternatives to violent behaviour

LEGAL INFORMATION SOCIETY OF NOVA SCOTIA

$133,000 PROGRAM ACTIVITIES 2011 – 2012
MARIA FRANKS, EXECUTIVE DIRECTOR

Programs provide Nova Scotians with access to legal information & resources to enable them to answer their questions about the law and begin to address their legal issues

MAINLINE NEEDLE EXCHANGE

$46,498 COMMUNITY BASED LEGAL SUPPORT & EDUCATION PROGRAM
DIANE BAILEY, PROGRAM DIRECTOR

A legal education program for drug users & service providers; legal assistance for drug users in court & correctional institutions

PRO BONO STUDENTS CANADA AT DALHOUSIE

$18,996 PROGRAM ACTIVITIES 2011 – 2012
LISA WAGNER &KELSEY MCLAREN,
(STUDENT COORDINATORS)

Law students volunteer their time to provide legal services to public interest community organizations

REACHABILITY

$37,399 PERSONS WITH DISABILITIES LEGAL SERVICES
TOVA SHERMAN, EXECUTIVE DIRECTOR

Access to legal services & plain language information for persons with disabilities across Nova Scotia

SOCIETY OF DEAF & HARD OF HEARING NOVA SCOTIANS

$4,000 ACCESS PROJECT – THE LEGAL SYSTEM
FRANK O'SULLIVAN, EXECUTIVE DIRECTOR

Sign-language interpreter services within legal settings not otherwise eligible for funding such as arbitrations, consultations with private lawyers & certain court cases

STEPPING STONE ASSOCIATION

$38,930 TIPPING THE SCALES
RENE ROSS, EXECUTIVE DIRECTOR

Court support & assistance for current or former sex trade workers; workshops for sex trade workers and the legal community; community education

TEARMANN SOCIETY FOR BATTERED WOMEN & PICTOU COUNTY OPPORTUNITIES FOR MEN (NEW LEAF)

$26,752 PUBLIC EDUCATION: VIOLENCE AGAINST WOMEN
KAREN O'HARA, EXECUTIVE DIRECTOR (TEARMANN)
ROBERT WHITMAN, EXECUTIVE DIRECTOR (NEW LEAF)

Education sessions & referral services for junior & senior high school students to prevent violence against women

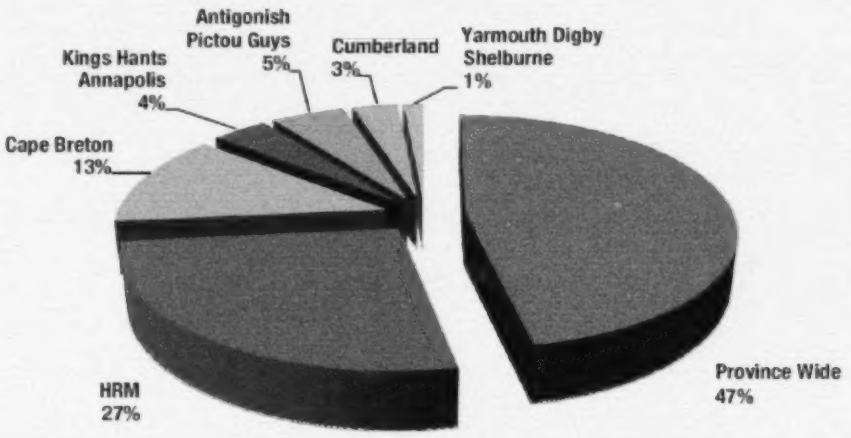
VALLEY RESTORATIVE JUSTICE

$37,576 CRIME PREVENTION EDUCATION WORKSHOPS
MARGE DEBODT, DIRECTOR

Educational workshops for at-risk youth regarding shoplifting, substance abuse, the law & the needs of victims

TOTAL GRANTS AWARDED $1,549,080

Grants by Geographic Region



LAW FOUNDATION OF NOVA SCOTIA

Sumarized Statement of Financial Position

MARCH 31. 2011

Full Financial Statements are available on the Foundations's website

WWW.NSLAWFD.CA

FINANCIALS

SUMMARIZED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2011

	2011	2010
ASSETS		
Cash	436,896	545,431
Other assets	22,773	41,804
Investments	4,693,524	5,277,504
	5,153,193	5,864,739
LIABILITIES AND FUND BALANCES		
Other liabilities	9,008	7,141
Designated grants payable	1,549,080	1,596,423
General and restricted fund balances	3,595,105	4,261,175
	5,153,193	5,864,739

SUMMARIZED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2011

REVENUE		
Interest on trust accounts	471,558	331,560
Investment income	645,924	1,045,790
	1,117,482	1,377,350
EXPENDITURES		
Grants	1,545,635	1,493,709
Salaries and benefits	114,345	111,139
Rent and common area	19,355	17,395
Brokers' and investment management fees	62,449	61,245
Accounting and audit	12,261	14,690
Other expenses	29,507	29,986
	1,783,552	1,728,164
DEFICIENCY OF REVENUE OVER EXPENDITURES	(666,070)	(350,814)

AUDITOR'S REPORT

TO THE BOARD OF THE LAW FOUNDATION OF NOVA SCOTIA

The accompanying summarized statements of financial position and operations are derived from the complete financial statements of the Law Foundation of Nova Scotia as at March 31, 2011 for the year then ended. In our independent auditor's report on the complete financial statements dated June 3, 2011, we expressed a qualified opinion because we were unable to satisfy ourselves concerning the completeness of the interest credited by financial institutions on Nova Scotia Barristers' Society members' mixed trust funds. The fair summarization of the complete financial statements is the responsibility of management. Our responsibility, in accordance with the applicable Assurance Guideline of The Canadian Institute of Chartered Accountants, is to report on the summarized financial statements.

In our opinion, except for the effect of the adjustments, if any, had interest credited by financial institutions been susceptible to complete audit verification, the accompanying financial statements fairly summarize, in all material respects, the related complete financial statements in accordance with the criteria described in the Guideline referred to above.

These summarized financial statements do not contain all the disclosures required by Canadian generally accepted accounting principles. Readers are cautioned that these statements may not be appropriate for their purposes. For more information on the Foundation's financial position, results of operations, changes in fund balances and cash flows, reference should be made to the related complete financial statements.

Grant Thornton LLP

Chartered accountants

Halifax, Canada
June 3, 2011

LAW FOUNDATION OF NOVA SCOTIA

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Grant Thornton

Financial Statements

Law Foundation of Nova Scotia

March 31, 2011

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Independent auditor's report

To the Board of the
Law Foundation of Nova Scotia

We have audited the accompanying financial statements of the Law Foundation of Nova Scotia, which comprise the statement of financial position as at March 31, 2011, and the statement of operations, statement of changes in net assets for the general and restricted fund and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion
The Law Foundation of Nova Scotia derives substantially all of its revenue from interest credited by financial institutions of Nova Scotia Barristers' Society members' mixed trust funds which is not susceptible to complete audit verification. Accordingly, our verification of revenue from this source was limited to accounting for the amounts received from financial institutions and recorded in the records of the Law Foundation of Nova Scotia.

Qualified opinion
In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Law Foundation of Nova Scotia as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Other matter
The financial statements of the Law Foundation of Nova Scotia for the year ended March 31, 2010, were audited by another auditor who expressed a qualified opinion on those statements on April 22, 2010, for the same reason as is reported in the current year.

Grant Thornton LLP

Halifax, Canada
June 3, 2011

Chartered Accountants

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Law Foundation of Nova Scotia
Statement of operations and changes in general fund

Year ended March 31	2011	2010
Revenue		
Interest on trust accounts	$ 471,558	$ 331,560
Interest on investments	15,067	64,360
Realized gain on disposal of investments	3,992	23,786
Unrealized loss on investments	(219)	(9,490)
	490,398	410,216
Grants (note 5)	1,545,635	1,493,709
	$ (1,055,237)	$ (1,083,493)
Expenditures		
Accounting and audit	12,261	14,690
Amortization	2,659	2,816
Bank charges	444	791
Brokers' and investment management fee	829	6,100
Consulting	1,254	153
Director's insurance	1,870	1,870
Miscellaneous	1,545	1,561
Office	10,361	9,007
Rent and common area	19,355	17,395
Salaries and benefits	114,345	111,139
Telephone	2,135	1,647
Travel and meetings - board	3,218	4,660
Travel – staff and chair	6,021	5,893
	176,297	177,722
Deficiency of revenue over expenditures	$ (1,231,534)	$ (1,261,215)
General fund, beginning of year	$ 133,516	$ 694,731
Deficiency over expenditures	(1,231,534)	(1,261,215)
Transfer from restricted fund	1,098,018	700,000
General fund, end of year	$ -	$ 133,516

See accompanying notes to the financial statements.

Law Foundation of Nova Scotia
Statement of operations and changes in restricted fund

Year ended March 31	2011	2010
Revenue		
Interest on investments	$ 61,254	$ 63,662
Dividend income	83,304	87,365
Realized gain on disposal of investments	121,096	(233,082)
Unrealized gain on investments	361,430	1,049,189
	627,084	967,134
Expenditures		
Brokers' and investment management fees	61,620	55,145
Foreign exchange gain	-	1,588
	61,620	56,733
Excess of revenue over expenditures	$ 565,464	$ 910,401
Restricted fund, beginning of year	$ 4,127,659	$ 3,917,258
Excess of revenue over expenditures	565,464	910,401
Transfer to general fund	(1,098,018)	(700,000)
Restricted fund, end of year	$ 3,595,105	$ 4,127,659

See accompanying notes to the financial statements.

Law Foundation of Nova Scotia
Statement of financial position

March 31	2011	2010
Assets		
Current		
Cash and cash equivalents	$ **436,896**	$ 545,431
Accrued interest receivable - general	**-**	5,863
Accrued interest receivable - restricted	**12,482**	16,697
Receivable from Law Foundation of Nova Scotia Scholarship Fund	**-**	6,050
Prepaids	**3,236**	3,481
Current portion of investments (note 3)	**-**	700,000
	452,614	1,227,522
Investments (note 3)	**4,693,524**	4,577,504
Property, plant and equipment (note 4)	**7,055**	9,713
	$ **5,153,193**	$ 5,864,739
Liabilities		
Current		
Payables and accruals	$ **9,008**	$ 7,141
Designated grants payable (note 5)	**1,549,080**	1,596,423
	1,558,088	1,603,564
Fund balance		
General fund	**-**	133,516
Restricted fund	**3,595,105**	4,127,659
	3,595,105	4,261,175
	$ **5,153,193**	$ 5,864,739

Commitments (note 6)

On behalf of the Foundation

_____ Director _____ Director

See accompanying notes to the financial statements.

Law Foundation of Nova Scotia
Statement of cash flows

March 31	2011	2010
Increase (decrease) in cash and cash equivalents		
Operating		
Deficiency of revenue over expenditures	$ **(666,070)**	$ (350,814)
Items in earnings not involving cash		
Amortization	**2,659**	2,816
Realized loss on disposal of investments - general	**(3,992)**	(23,786)
Realized loss on disposal of investments - restricted	**(121,096)**	233,082
Unrealized loss on investments – general	**219**	9,490
Unrealized gain on investments – restricted	**(361,430)**	(1,049,189)
	(1,149,710)	(1,478,401)
Change in non-cash working capital balances		
Accrued interest receivable – general	**5,863**	20,204
Accrued interest receivable – restricted	**4,215**	(760)
Advances (to) from Law Foundation of Nova Scotia Scholarship Fund	**6,050**	(6,554)
Prepaids	**245**	-
Payables and accruals	**1,867**	(293)
Designated grants payables	**(47,343)**	(352,825)
	$ **(1,178,813)**	$ (1,518,629)
Investing		
Investments		
Purchase of investments	**(1,374,115)**	(2,027,975)
Proceeds of disposal of investments	**2,401,218**	3,537,309
Acquisition of property, plant and equipment	**-**	(850)
	$ **1,027,103**	$ 1,508,484
Net decrease in cash and cash equivalents	$ **(151,710)**	$ (10,145)
Cash and cash equivalents		
Beginning of year	**733,443**	743,588
End of year	$ **581,733**	$ 733,443
Cash and cash equivalent is comprised of:		
Cash and cash equivalents	$ **436,896**	$ 545,431
Investments (note 3)	**144,837**	188,012
	$ **581,733**	$ 733,443

See accompanying notes to the financial statements.

Law Foundation of Nova Scotia
Notes to the financial statements
March 31, 2011

1. Nature of operations

The Law Foundation of Nova Scotia was established in 1976 by a Nova Scotia statute and is exempt from income tax. Its purpose is to grant funds to groups for projects connected with the law.

2. Summary of significant accounting policies

Investments - general
The investments in the general fund consist of fixed income funds. They have been classified as held for trading investments which are recorded at their quoted market price. Any adjustments recorded on these investments are recorded through the statement of operations for the general fund.

Investments - restricted
The investments in the restricted fund, that have been restricted by the Foundation's Board, consist of fixed income funds and equities. They have been classified as held for trading investments which are recorded at their quoted market price. Any adjustments recorded on these investments are recorded through the statement of operations for the restricted fund.

Revenue recognition
Interest on trust accounts is recorded on a cash basis when received. Interest on investments is recorded on the accrual basis. Dividend income is recorded on a cash basis when received.

Property, plant and equipment
Property, plant and equipment is stated at cost. Amortization is provided using the following annual rates and methods:

	Rate	Method
Office equipment	20%	Diminishing balance
Furniture and fixtures	20%	Diminishing balance
Computer hardware	3 years	Straight line
Computer software	3 years	Straight line

Fund accounting
The Board has internally restricted funds to finance future operations of the Foundation. The net investment income earned on these assets is recorded in the restricted fund.

The general fund accounts for the Foundation's day-to-day activities which include the interest income on the lawyers' trust accounts, the interest income on the investments, less grants approved and paid, and the administrative expenses from running the Foundation.

Fair values
The Foundation's financial instruments consist of cash, accrued interest receivable, the balance due from the Law Foundation of Nova Scotia Scholarship Fund, investments, payables and accruals and designated grants payable.

2. Summary of significant accounting policies (continued)

The fair values of cash, accrued interest receivable, the balance due from the Law Foundation of Nova Scotia Scholarship Fund, payables and accruals and designated grants payable are approximately equal to their carrying value due to their short-term maturity dates.

The investments are recorded at fair value as these values are readily available. Any adjustments recorded on these investments are recorded through the statements of operations.

Market risk
The Foundation is exposed to interest rate risk on its fixed-interest financial instruments and the interest revenue from the Trust accounts that have variable-interest based on prime. Fixed-interest instruments subject to the Foundation to a fair value risk while the variable-interest income stream subjects the Foundation to a cash flow risk.

3. Investments

The Foundation has an internally restricted fund totalling $3,595,105 (2010 - $4,127,659) represented by a portion of its investments for the purpose of covering continuing commitments should the Foundation not have sufficient resources to maintain its future grants. This amount includes accrued interest receivable of $12,482 (2010 - $16,697).

	2011	2010
Equities - $2,803,627 (2010 - $2,977,815)	**$ 3,520,096**	$ 3,319,321
Fixed income funds - $1,017,179 (2010 - $1,753,458)	**1,028,591**	1,770,171
Cash	**144,837**	188,012
	4,693,524	5,277,504
Less: Current portion	**-**	(700,000)
	$ 4,693,524	$ 4,577,504

4. Plant, property and equipment

	Cost	Accumulated Depreciation	**Net Book Value**	**2011** Net Book Value	2010 Net Book Value
Office equipment	$ 30,718	$ 25,860	**$ 4,857**		$ 6,072
Furniture and fixtures	8,769	6,572	**2,198**		2,746
Computer hardware	11,559	11,559	**-**		895
Computer software	5,225	5,225	**-**		-
	$ 56,271	$ 49,216	**$ 7,055**		$ 9,713

5. Designated grants

The Board approved grants totalling $1,549,080 (2010 - $1,595,192) less $3,445 (2010 - $101,483) of grants revoked or repaid, for a net of $1,545,635 during the year ended March 31, 2011 (2010 - $1,493,709). Grants that have been approved but remain unpaid at year end are reported as current liabilities.

6. Commitment

The Foundation rents its premises under a long-term lease which expires June 30, 2014. The annual base rental for this lease is $9,140 plus HST and common area costs. The estimated total common area costs for the upcoming fiscal year are $11,000.

7. Capital disclosures

The Foundation's capital is comprised of the general and restricted fund balances. The restricted fund balance is an internally restricted fund which will be used to finance future operations of the Foundation. The Foundation's objectives when managing capital are to ensure the funs received are invested in such a manner that will sustain future grant payments regardless of the economic conditions in the marketplace. Furthermore, cash and investments are managed to ensure the financial obligations are objectives of the Foundation are met.

8. Comparative figures

Certain of the comparative figures for 2010 have been reclassified to conform with the financial statement presentation adopted for the current year.